

Minutes
Advisory Committee on International Trade
Virginia Economic Development Partnership
December 1, 2020
Electronic Meeting via Teams Meeting Platform
Richmond, VA 23219

Call to Order

The meeting was called to order at 10:07 a.m. by Mike Ligon, Chairman of the VEDP Advisory Committee on International Trade.

Members Present: Bob Feeser
 Nick Jiannas
 Mike Ligon
 Stuart Malawer
 Ned Masseur
 John Milliken
 Secretary Bettina Ring
 James Xu

Members Absent: Tag Greason
 David White

Staff Present: Stephanie Agee
 Lindsey Bertozzi
 Jason El Koubi
 Carolyn Elliott
 Sandi McNinch
 Stephen Moret
 Christy Morton
 Anne Phillips
 Madeleine Waddoups
 Mary Wood

Guests Present: Brad Copenhaver
 Jeffrey H. Joseph
 Charles Kennington
 Kimberly McKay

Welcome

Chairman Ligon welcomed everyone to the electronic meeting of VEDP's Advisory Committee on International Trade. He said that due to the Governor's declared state of emergency regarding COVID-19, it is unsafe for the Committee to assemble in a single location. Because an in-person meeting is unsafe and we wish to discharge our lawful purposes, duties and responsibilities, Chairman Ligon explained that the Committee is permitted by the Virginia Freedom of Information Act, as amended by the State Budget, to meet by electronic means without a quorum of the members being physically assembled at one location.

Chairman Ligon noted that the Committee members were gathered in a Teams environment that was open to the public. The agenda suggests that the Committee will enter into a closed meeting for a portion of the meeting. When the Committee is ready to enter into a closed meeting, the Committee members and VEDP support staff necessary to support the closed meeting will leave the public Teams environment and gather in a separate Teams environment. When the closed meeting is concluded, the Committee members will rejoin the public Teams environment and the public portions of the meeting will continue. Should anyone from the public get disconnected from the public Teams environment and be unable to re-engage, he or she should call (804) 393-0290 and speak to Lindsey Bertozzi. Chairman Ligon said that they will do their best to re-engage and will halt the public portion of the meeting until the connection can be re-established.

The Chairman then shared a reminder of a few things that will be different than the in-person meetings:

- Everything on the public Teams environment will be recorded and the recording will be posted on VEDP's website.
- All votes will be taken by roll call.
- Please use the mute function, unless you are speaking—and remember to unmute at the appropriate time.
- During the public comment period, any member of the public wishing to make a comment may simply unmute and speak at that time or use the Chat function and ask to be given an opportunity to speak.
- Likewise, during the meeting, Committee members may simply unmute themselves to speak or use the Chat function.

Public Comments

Chairman Ligon solicited for public comments. Stuart Malawer introduced guest, Jeff Joseph, a friend just named Senior Fellow at George Mason University. Mr. Joseph shared some of his background information with the Committee including 25 years at the US Chamber of Commerce, and 40 plus years with George Washington University as well as teaching graduate school at George Mason University. He worked in the defense area and with Homeland Security. Mr. Joseph noted that coming out of the COVID haze will be harder than ever for companies to determine where they are going. He would be happy to help support ACIT in any way, perhaps in a liaison role. Chairman Ligon suggested an offline conversation with Stephanie Agee and Mr. Joseph to further explore opportunities. Chairman Ligon said that they will schedule a meeting.

Review and Approval of October 6, 2020 Meeting Minutes

After review of the October 6, 2020 minutes, Chairman Ligon asked for a motion to approve the minutes. A motion was made by Ned Masseur to approve the minutes. The motion was seconded by Bob Feeser. Sandi McNinch, VEDP General Counsel, conducted a roll call for approval of the minutes. The Committee unanimously approved the minutes via the roll call.

Yeas: Bob Feeser
 Nick Jiannas

Mike Ligon
Stuart Malawer
Ned Massee
John Milliken
Secretary Bettina Ring
James Xu

Nays: None

Abstained: None

Absent: Tag Greason
John Milliken (absent for vote)
David White

Closed Meeting – VEDP International Trade Plan Discussion

Chairman Ligon requested that the Committee move into a closed meeting for discussion about the International Trade Plan. A motion was made by Ned Massee to move into a closed meeting and was seconded by Stuart Malawer. Sandi McNinch, General Counsel, voiced the following motion for adoption by the Committee to enter into a closed meeting. The following motion was unanimously adopted by the Committee via roll call vote conducted by Sandi McNinch.

I MOVE THAT THE ADVISORY COMMITTEE ON INTERNATIONAL TRADE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY CONVENE A CLOSED MEETING PURSUANT TO VIRGINIA CODE §2.2-3711(A)(50) TO ENGAGE IN A DISCUSSION OR CONSIDERATION OF THOSE PORTIONS OF VEDP'S STRATEGIC PLAN, MARKETING PLAN OR OPERATIONAL PLAN, THAT MAY RELATE TO TARGET COMPANIES, SPECIFIC ALLOCATION OF RESOURCES AND STAFF FOR MARKETING ACTIVITIES, AND SPECIFIC MARKETING ACTIVITIES THAT WOULD REVEAL TO THE COMMONWEALTH'S COMPETITORS FOR ECONOMIC DEVELOPMENT PROJECTS THE STRATEGIES INTENDED TO BE DEPLOYED BY THE COMMONWEALTH, THEREBY ADVERSELY AFFECTING THE FINANCIAL INTEREST OF THE COMMONWEALTH.

Yeas: Bob Feeser
Nick Jiannas
Mike Ligon
Stuart Malawer
Ned Massee
Secretary Bettina Ring
James Xu

Nays: None

Abstained: None

Absent: Tag Greason
John Milliken (absent for vote)

David White

Back in Open Meeting, Certification of Closed Meeting followed by Roll Call Vote

Following the closed session, Sandi McNinch voiced the following resolution for adoption by the Committee:

WHEREAS, THE ADVISORY COMMITTEE ON INTERNATIONAL TRADE OF THE BOARD OF DIRECTORS OF THE VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY HAS CONVENED A CLOSED MEETING ON THIS DATE PURSUANT TO AN AFFIRMATIVE RECORDED VOTE AND IN ACCORDANCE WITH THE PROVISIONS OF THE VIRGINIA FREEDOM OF INFORMATION ACT; AND

WHEREAS, THE ACT REQUIRES A CERTIFICATION BY THIS COMMITTEE THAT SUCH CLOSED MEETING WAS CONDUCTED IN CONFORMITY WITH THE ACT;

NOW, THEREFORE, BE IT RESOLVED, THAT THE COMMITTEE CERTIFIES THAT, TO THE BEST OF EACH MEMBER'S KNOWLEDGE, (I) ONLY PUBLIC BUSINESS MATTERS LAWFULLY EXEMPTED FROM OPEN MEETING REQUIREMENTS UNDER THE ACT WERE DISCUSSED IN THE CLOSED MEETING TO WHICH THIS CERTIFICATION RESOLUTION APPLIES, AND (II) ONLY SUCH PUBLIC BUSINESS MATTERS AS WERE IDENTIFIED IN THE MOTION BY WHICH THE CLOSED MEETING WAS CONVENED WERE HEARD, DISCUSSED, OR CONSIDERED IN THE CLOSED MEETING BY THE COMMITTEE.

The Committee approved the foregoing resolution unanimously by roll call vote, conducted by Sandi McNinch, bringing the Committee out of the closed meeting.

Yeas: Bob Feeser
 Nick Jiannas
 Mike Ligon
 Stuart Malawer
 Ned Masseur
 John Milliken
 Secretary Bettina Ring
 James Xu

Nays: None

Abstained: None

Absent: Tag Greason
 David White

VEDP Supply Chain Management and Importing Guide and Internal Market Research

Chairman Ligon turned the meeting over to Stephanie Agee who reviewed the meeting agenda and introduced the International Trade Research team, Anne Phillips and Madeleine Waddoups, to provide the Committee with an overview of the Supply Chain Management and Importing Guide and of their everyday work conducting research on behalf of VEDP Trade clients.

Madeleine Waddoups gave an overview of the new guide, which is one of the first completed initiatives of the International Trade Plan (ITP). The initiative was marked in the ITP as having no cost and therefore was prioritized for implementation by VEDP International Trade. The Guide is divided into three sections: importing basics, conferences, and service providers. Madeleine explained how the guide was developed and noted that it was reviewed and edited by other VEDP staff, experts in supply chain management, and several client companies. She explained that it is available on our website at www.exportvirginia.org.

Madeleine then continued by explaining the responsibilities of the International Trade Research team. The research they provide helps companies determine their next steps in the export process, such as if they will go on a trade mission and what country is best suited for their products. She gave an example of the research process by going through the steps she took to prepare a research report recently for a defense company.

Bob Feeser asked Madeleine to explain the due diligence process. She shared that the Research team subscribes to several data bases that run background checks and advise of sanctions. They look at in-country business registries which is necessary for export compliance procedures. By doing the background checks, they are able to determine if a company does not exist.

Stuart Malawer asked if it could be tracked who is downloading the Supply Chain Management and Importing Guide. Mary Wood said that this feature could be added for tracking purposes.

Stuart Malawer asked if the foreign trade zones (FTZs) are used much by importers and should there be more work done to support and grow this area. Stephanie Agee answered that most Virginia FTZs are underutilized, other than the one managed by the Port of Virginia. She shared that the Port is involved with all the FTZs and recently took on a coordination role among all of them in Virginia and that there is more work to be done in this area. Ned Masseur questioned if the underutilization of FTZs was due to lack of knowledge and, perhaps, it needs to be marketed. Stephanie commented that she would talk further with the Port about this and maybe have someone join a future meeting to explain more about FTZs.

Jason El Koubi asked Stephanie Agee to explain the relationship between internal research and the in-country consultants that International Trade uses. Stephanie replied that internal research is preliminary and is the first step to a company determining if they want to go further with in-market research. After the preliminary internal research is completed, then a company can move forward with in-country research consultants which is more expensive and paid for on a per-project basis.

Virginia Export and Import Data

Stephanie Agee said that research is a fundamental part of the business and resource for our clients. She then continued the presentation by sharing recent export and import figures from and to Virginia, including the top 10 exports and their destinations. Virginia's exports are down 12%, overall, as of September, except in the meat and wadding, yarn, twine sectors which are up. Chairman Ligon said that he was surprised not to see agriculture in the top 10 list of exports.

He would like to see this information regionalized for certain parts of Virginia, but Stephanie Agee said that the export data is not readily available at the regional level.

Stuart Malawer commented that as imports come in, some of them are then exported, such as with the auto industry.

Stuart Malawer would like to know what percentage of Virginia's exports are agriculture. Stephanie Agee commented that agriculture exports were 1.6 billion annually compared to 36 billion annually for total exports from Virginia.

Secretary Bettina Ring said that agriculture export figures are sometimes reported based on the number of containers going out of the Port. The percentage of export containers leaving the Port of Virginia with agricultural products accounted for up to 50% of the total several years ago, but that figure has dropped over the last two years. Stephanie Agee noted that, per the Port, 30% of total export/import traffic was agricultural products.

Stephanie noted that Virginia imports are down 7%, overall, which is an improvement over being down 9% most recently. Canada is the state's top export destination and China is the top source of imports.

Chairman Ligon questioned the export total of 12 billion versus the import total of 21 billion. Stephanie Agee noted that this is common, as we typically have a trade deficit, with imports being larger than exports. Lindsey Bertozzi explained that the numbers being showed only included product exports, not services, which account for 50% of total Virginia exports annually.

Calendar of Trade Missions and Trade Shows, 2021-2022

Stephanie Agee reviewed the remaining schedule for VEDP's FY2021 trade missions and trade shows. All of the trade missions on the list will be virtual. All of the trade shows are scheduled to be in-person, including the IDEX 2021 Trade Show to be held in Abu Dhabi in February 2021.

Stephanie next presented the FY2022 Trade Mission and Trade Show events listing in draft form. In terms of trade shows, there are a number of defense events on the list as many companies have to attend these in order to stay relevant in the defense sector and get in front of important stakeholders. As far as trade mission destinations, International Trade aims for a mix of developing markets and emerging markets. The included markets are those most mentioned by clients.

Stephanie Agee asked if there were any comments or questions. Chairman Ligon said that the list looks aggressive. Stephanie Agee agreed, noting that there are 16 events on the calendar. She noted that, hopefully, these events can be done in-person but will change to virtual as needed or even use a hybrid approach as the pandemic situation unfolds.

ACIT 2021 Calendar and Annual Plan Work Plan

Stephanie Agee shared the proposed ACIT meeting schedule for 2021, noting that the schedule plan follows the same plan as last year. The following dates were proposed:

- Tuesday, February 2, 2021
- Tuesday, April 6, 2021

- Tuesday, June 1, 2021
- Tuesday, August 3, 2021
- Tuesday, October 5, 2021
- Tuesday, December 7, 2021

Secretary Bettina Ring, while agreeing that meeting consistency is good, suggested considering fewer meetings in respect of everyone's time and recognizing that everyone is volunteering their time. Chairman Ligon said that the meeting schedule was setup with the frequency of more meetings when the ACIT was getting started to get everyone engaged. Nick Giannas stated that he likes the frequency of the meetings and having more meetings than less, keeps him up to date with the Committee. Due to his travel schedule, if he needs to miss a meeting, he doesn't have to wait for months to get updated. Bob Feeser agreed with Mr. Giannas and said that the Committee reserves the right to give back time but would like to hold the dates proposed by Stephanie Agee.

Chairman Ligon mentioned to Sandi McNinch and the Committee that some member rotation on the Committee would be coming up this year and to be mindful of this in considering time in bringing a new member up to speed. Ned Massee said that when a member's term expires, the member usually continues to work on the Committee until a new person is hired/appointed to that position. However, if your term is up, you can leave.

Stephanie Agee next summarized the ACIT Annual Work Plan. She said that the plan is similar to last year's agenda and was based on conversations that she and Chairman Ligon had with each Committee member. Adjustments can be made as the year progresses.

John Milliken shared that the Virginia Port Authority will have a new Executive Director coming on board in January and that the 3rd or 4th quarter of 2021 would be a good time to invite him to an ACIT meeting. The new Executive Director could share his thoughts on what the Port's priorities will be in the coming year in regard to economic development.

Stuart Malawer asked where the federal/state eco system would fit in the schedule. Stephanie Agee said that a trade eco system could be included in a new line item. Mr. Malawer said this could be separated into two areas, i.e., federal and state.

Secretary Bettina Ring said that Stephanie Agee's former position is being filled at VDACS [Virginia Department of Agriculture and Consumer Services] and that they will announce her replacement soon. She suggested inviting this new person to a future ACIT meeting. She expressed her appreciation of the partnership of VEDP staff and VDACS staff working together around trade. She noted that Ag is also pursuing filling the specialist position that became open as a result of another employee transitioning to VEDP. Secretary Bettina Ring said that she was pleased with where the Committee is and the leadership of the Committee and staff. In looking at the history of the ACIT, she suggested that the Committee should think about having a Vice Chairperson. Ned Massee said that the ACIT has had a vice chair in the past. Stephanie Agee noted that the other VEDP advisory committee had a vice chairperson. Stuart Malawer said that a vice chairperson is part of the statute.

Secretary Bettina Ring made the motion that Bob Feeser be the Vice Chair for the ACIT. Ned Massee seconded, and Sandi McNinch performed a roll call to confirm Bob Feeser as the Vice Chair. All approved.

Yeas: Bob Feeser
Nick Jiannas
Mike Ligon
Stuart Malawer
Ned Masseur
John Milliken
Secretary Bettina Ring
James Xu

Nays: None

Abstained: None

Absent: Tag Greason
David White

Impact of Proposed Legalization of Marijuana

Secretary Bettina Ring said that Governor Northam has made a decision to move forward with the legalization of marijuana in Virginia. Virginia is not the only state looking to legalize marijuana. It is important to do this the right way. The hemp program was done in a thoughtful and proper way with a study being done. Legislation was passed last year for a marijuana study. A working committee of 23 members held 15 virtual meetings as well as subgroup meetings. The Virginia State Police were part of this but not an official member. The working committee listened to other states' implementation plans. Secretary Ring said that it will take 18 to 24 months to move forward and about five years for the industry to mature. This is a very complex topic with public safety and health to be considered as well as educating the public. Social equity is part of the work involved in the plan as well.

Secretary Bettina Ring turned to Brad Copenhaver, Deputy Secretary of Agriculture and Forestry, to provide additional information. Mr. Copenhaver stated that the Governor is in favor of marijuana legalization. This is now moving into legislation and impacts various departments of the state. The Governor wants to focus on public safety, health, and equity. Within the working committee, there were three subgroups. Areas discussed included looking at licensing and what other states have done. There is a team at VEDP working on an impact study that includes Sean Brazier (Economic Competitiveness) and Christy Morton. Mr. Copenhaver stated that the industry will mature. Tax estimates and tax rates have to be considered. This will be an additional excise tax in addition to the sales tax, perhaps in the range of 10% to 25%. This industry could be worth \$1.2 billion per year at maturity. This is a good economic opportunity for farmers. While no state has gotten this perfect, Virginia wants to do this the best way possible. Secretary Ring said that data collection is a big part of this process.

In terms of drug laws, Stuart Malawer asked how does the sale of CBD impact the Commonwealth. Brad Copenhaver said that is not known yet. Secretary Ring said that there are some challenges with the FDA on this. CBD products, such as hemp, are desired products. The working groups looked at how these products would be used for human consumption. The idea is to make it easy to understand the system so that people know [what](#) they are buying.

Bob Feeser questioned marijuana transportation. Brad Copenhaver stated that marijuana cannot cross state lines because it is federally illegal. We will have technology to follow how the

product moves along the process. We need a sophisticated seed-to-sale tracking system (RFID).

Stuart Malawer asked if someone living in Virginia uses these products and works for the federal government, how will drug testing work. Brad Copenhaver said that this was a tough question still being worked on. Federal government law still prevails.

Chairman Ligon inquired about marijuana's production schedule, i.e., will this be an additional crop for farmers or in competition with other crops. Mr. Copenhaver said that Virginia is good at growing hemp and can get two crops of hemp in a season. He believes marijuana would be the same. Virginia could be a combination of greenhouse and sun grown marijuana. Different strains will be available. From seed to harvest takes three-four months, then has to be dried and processed. One growing season could be from April-July and another from July-October.

James Xu stated that, currently, for medical marijuana, the state has only granted five licenses. He asked how many licenses will the state grant for this type of marijuana use. Brad Copenhaver said they are not sure yet. On the medical side, the state is expanding and as many as 30 licenses could be granted next year. In Virginia, adult use cannabis will start conservatively and then licenses will be added each year until the market reaches maturity. Illinois offered 75 licenses at first and other states have offered hundreds of licenses at the beginning of the program. Secretary Ring said that if marijuana is approved this session, Virginia will be the first state in the south and 16th in the nation to legalize it.

Chairman's Update

Chairman Ligon thanked Stephanie Agee, Secretary Bettina Ring, Brad Copenhaver, Madeleine Waddoups and others for the reports. He gave appreciation for Tim Kaine's time in the October meeting and is hopeful that Senator Warner will join the ACIT in a future meeting. David White is working on this endeavor for the Committee. Chairman Ligon said that he is looking forward to engaging with the Virginia legislature to educate them on Trade. Since October, Chairman Ligon and Stephanie Agee spoke with everyone on the Committee and he appreciates all the discussions. He values the Port and wants to [in](#)corporate them in the broader plan to facilitate growth in rural communities. Also, in the high-density area of Northern Virginia, we have to recognize the significant impact of Dulles Airport. Chairman Ligon stated that changes and opportunities are on the horizon such as the EU imposing retaliatory tariffs on certain whiskies and agriculture, up to 25%. When a good is removed from production, particularly on the ag side, it is hard to reinstate. The onus is on the Committee to educate respective stakeholders so that the state can forge ahead. Chairman Ligon recognized Stephanie and the VEDP International Trade Team for their work, ideas and support during the year.

General Comments by Members and Discussion of Topics for Next Meeting

Chairman Ligon opened the meeting to the floor for further discussion. Stephanie Agee thanked Chairman Ligon for his support. Chairman Ligon said that he looks forward to working with Bob Feeser in his new position as Vice Chairman.

Ned Masseur thanked everyone for their time and the ideas that the ACIT supplies to the VEDP Board. He said that Chairman Ligon has been included on the VEDP Board meeting agenda several times to reinforce Trade.

Adjournment

The ACIT meeting was adjourned at 12:11 pm.

DRAFT